

FINANTSINSPEKTSIOON

Company AS BALTIIKA
Type Company Release
Category Management interim statement or quarterly financial report
Disclosure time 18 Jul 2022 15:00:00 +0300

Attachments:

- Baltika_Interim_Report_2Q 2022.pdf (<http://oam.fi.ee/en/download?id=6603>)
- Baltika_Vahearuanne_2Q 2022.pdf (<http://oam.fi.ee/en/download?id=6604>)

Currency

Title BALTIIKA'S UNAUDITED FINANCIAL RESULTS, SECOND QUARTER AND 6 MONTHS OF 2022

Baltika Group ended the second quarter with a net loss of 1,001 thousand euros. Last year, the Group ended the second quarter with a net profit of 37 thousand euros. Compared to the same period last year, the Group's result weakened by 1,038 thousand euros.

The sales revenue of the Group in the second quarter was 2,308 thousand euros, decreasing by 28% compared to the same period last year. The reason for the decrease in sales revenue were as follows:

1. The unpredictable war situation between Russia and Ukraine negatively affected the Group's sales revenue. Although the situation in the Baltics had improved by the end of the first quarter and the number of visitors was gradually recovering, the impact of the war on consumer behaviour was also felt during the beginning of the second quarter.
2. The Group has continued with the plan to close unprofitable stores. Within six months, we have closed six unprofitable stores (5 stores in the first quarter and 1 store in the second quarter). In the case of Estonia, as the market with the largest number of stores, the planned closure of unprofitable stores will continue during 2022. The closing of unprofitable stores is planned to be finalised by the end of 2022. The reduced sales revenue will be compensated by the three new Ivo Nikkolo concept stores opened this year.
3. The sales revenue of the second quarter of last year included the sales revenue of the discontinued brands Monton, Mosaic, Baltman and Bastion. The sales result for the second quarter of this year includes only minimal income from the sale of discontinued brands.

E-com sales revenue for the second quarter was 171 thousand euros, decreasing by 56% compared to the same period last year. The result of the e-store in the second quarter of 2021 is not fully comparable, because in the comparable period



the Group had two e-stores, Monton and Ivo Nikkolo, therefore the result of the e-store in the second quarter of last year included the sale of discounted products of the discontinued brands Baltman and Monton through the Monton e-store shop. The Monton e-shop was finally closed in September 2021.

The gross profit for the second quarter was 1,188 thousand euros, decreasing by 28% compared to the same period last year (Q2 2021: 1,656 thousand euros). The Group's gross profit margin was 51% in the second quarter, i.e., at a similar level to the same period last year (Q2 2021: 52%).

The distribution and administrative expenses of the Group were 2,074 thousand euros in the second quarter, remaining at a similar level to the same period last year (Q2 2021: 2,036 thousand euros). The result of the comparable period is not fully comparable because:

1. Payroll costs for the second quarter of last year include cost reductions due to the government's decision to support people and businesses in sectors affected by the COVID-19 restrictions.
2. In the second quarter of the previous year, a reduction of rental cost in the amount of 266 thousand euros was recorded, as the rental discounts received from shopping centres and government subsidies for the rent paid were recorded.

Therefore, although the Group's distribution and administrative expenses have remained at a similar level to the same period of last year, the Group has continued general cost savings and closing unprofitable stores. In addition to the above, the Group's general administrative expenses have decreased by 69 thousand euros compared to the same period last year.

The Group ended the quarter with cash and cash equivalents of 406 thousand euros, using the bank's overdraft facility in the amount of 2,871 thousand euros (out of the limit of 3,000 thousand euros) at the end of the quarter. Baltika continues to implement its strategy:

1. We develop modern, high-quality products in our women's fashion brand Ivo Nikkolo, which is available in Estonia, Latvia and Lithuania and in our e-store.
2. We are developing a newer, more modern and customer-friendly Ivo Nikkolo e-shop.
3. We continue to open new Ivo Nikkolo concept stores in the Baltics.

Consolidated statement of financial position

30 June 2022 31 Dec 2021

ASSETS

Current assets



Cash and cash equivalents	406	614
Trade and other receivables	197	696
Inventories	2,044	2,491
Total current assets	2,647	3,801
Non-current assets		
Deferred income tax asset	80	80
Other non-current assets	162	172
Property, plant and equipment	1,303	855
Right-of-use assets	5,548	5,956
Intangible assets	616	631
Total non-current assets	7,709	7,694
TOTAL ASSETS	10,356	11,495

LIABILITIES AND EQUITY

Current liabilities

Borrowings	356	364
Lease liabilities	1,834	1,692
Trade and other payables	2,378	2,438
Total current liabilities	4,568	4,494
Non-current liabilities		
Borrowings	4,120	2,425
Lease liabilities	3,703	4,264
Total non-current liabilities	7,823	6,689
TOTAL LIABILITIES	12,391	11,183



EQUITY

Share capital at par value	5,408	5,408
Reserves	4,431	4,431
Retained earnings	-9,527	-6,627
Net profit (loss) for the period	-2,347	-2,900
TOTAL EQUITY	-2,035	312
TOTAL LIABILITIES AND EQUITY	10,356	11,495

Consolidated statement of profit and loss and comprehensive income

2Q 2022 2Q 2021 6m 2022 6m 2021

Revenue	2,308	3,208	4,383	5,339
Cost of goods sold	-1,120	-1,552	-2,346	-2,811
Gross profit	1,188	1,656	2,037	2,528
Distribution costs	-1,803	-1,696	-3,634	-3,837
Administrative and general expenses	-271	-340	-633	-835
Other operating income (-expense)	-34	451	48	685
Operating profit (loss)	-920	71	-2,182	-1,459
Finance costs	-81	-34	-165	-159
Profit (loss) before income tax	-1,001	37	-2,347	-1,618



Income tax expense	0	0	0	0
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Net profit (loss) for the period	-1,001	37	-2,347	-1,618
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Total comprehensive income (loss) for the period	-1,001	37	-2,347	-1,618
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Basic earnings per share from net profit (loss) for the period, EUR	-0,02	-0,03	-0,04	-0,01
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Diluted earnings per share from net profit (loss) for the period, EUR	-0,02	-0,03	-0,04	-0,01
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(https://www.globenewswire.com/Tracker?data=XvirzhDENIG81xOTyLhU8S_95-xtt5XCju7xpy-su1hrXiCqMmSK3OrxjB8-JI1te5N2-Wp75d-k4zVF3RQ3fgVyRGAshsuH0NVw4QqgbExWxd4KKqEbQNktqgJIv1jV)

